

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
SES-02 HA-05 EB-08 COME-00 OMB-01 TRSE-00 ITC-01
STR-07 IO-13 XMB-02 AID-05 AGRE-00 /110 W
-----013362 081437Z /42

R 081142Z SEP 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 2433

C O N F I D E N T I A L SECTION 1 OF 2 BUDAPEST 3672

E.O.11652: GDS
TAGS: PEPR, EEWT, OREP, OVIP, EFIN, SHUL, ABLD, HU
SUBJECT: THE AMBASSADOR'S MEETING WITH NAGY

SUMMARY: THE AMBASSADOR MET WITH DEPUTY FOREIGN MINISTER
NAGY SEPTEMBER 7 TO REVIEW THE CURRENT STATE OF PLAY OF
SEVERAL MATTERS IN BILATERAL RELATIONS. END SUMMARY.

1. CSCE COMMISSION STAFF. THE AMBASSADOR NOTED THAT WE
ARE STILL WAITING FOR GOH APPROVAL OF THE STAFF'S VISIT TO
BUDAPEST SEPTEMBER 16-19. THE AMBASSADOR NOTED THAT HE HOPED THE
RESPONSE WILL BE POSITIVE. NAGY REPLIED THAT HE WAS NOT
IN A POSITION TO GIVE OFFICIAL APPROVAL OF THE VISIT. HE
EXPRESSED SOME DOUBT ABOUT THE UTILITY OF THE VISIT AT THIS
TIME BUT UNDERTOOK TO GIVE US A REPLY AS SOON AS POSSIBLE.

2. WEIL VISIT. NAGY AGREED THAT THE VISIT OF ASSISTANT
SECRETARY OF COMMERCE WEIL WAS OPPORTUNE AND THAT HE
PERSONALLY WOULD MEET WITH SECRETARY WEIL. COMMENT:
STATE 227119 ANNOUNCING POSTPONEMENT OF WEIL VISIT
RECEIVED AFTER MEETING.

3. BILATERAL TARIFF NEGOTIATIONS. NAGY AND THE
AMBASSADOR AGREED THAT THE TARIFF NEGOTIATIONS SCHEDULED FOR
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SEPTEMBER 25-29 IN THE CONTEXT WITH MTN WILL BE A USEFUL
CONTINUANCE OF OUR DIALOGUE ON TRADE MATTERS.

4. INVITATION TO JOINT DISTRIBUTION COMMITTEE. NAGY
AGREED TO LOOK INTO THE STATUS OF OUR REQUEST FOR AN
INVITATION FROM IMRE MIKLOS TO THE JOINT DISTRIBUTION
COMMITTEE TO VISIT HUNGARY.

5. VISIT OF AMERICAN MAYORS. THE AMBASSADOR ASSURED NAGY THAT WE HAD REQUESTED INFORMATION FROM WASHINGTON CONCERNING THE IDENTITY OF THE MAYORS WHO WILL VISIT BUDAPEST, THEIR SPECIFIC INTERESTS, AND THE DATES OF THEIR VISIT.

6. DUMPING. THE AMBASSADOR AND NAGY REVIEWED THE USITC DECISION ON THE TUNGSRAM MATTER. NAGY AGREED THAT VISIT OF TREASURY DEPUTY ASSISTANT SECRETARY EHRENHAFT WOULD BE USEFUL IN FURTHER CLARIFYING OF MARKET DISRUPTION ISSUES AND PROCEDURES.

7. CODEL RIBICOFF. THE AMBASSADOR INFORMED NAGY OF THE EXPECTED VISIT TO BUDAPEST OF CODEL RIBICOFF NOVEMBER 20-21. THE AMBASSADOR REQUESTED THAT THE CODEL BE RECEIVED AT THE HIGHEST LEVEL, BUT NOT OVERSCHEDULED SINCE THEY WOULD BE ARRIVING FROM AN EXTENDED VISIT IN THE USSR. NAGY ASSURED THE AMBASSADOR THAT THE CODEL WOULD BE MOST WELCOME, SAID THAT WE COULD ANTICIPATE OFFICIAL APPROVAL OF THE VISIT AND PROMISED TO ADVISE THE EMBASSY OF THE APPOINTMENTS WHICH WOULD BE ARRANGED FOR THE CODEL.

8. FINANCE. THE AMBASSADOR BRIEFED NAGY ON THE IMPORTANCE OF THE VISIT TO BUDAPEST OCTOBER 16-20
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OF A TEAM FROM EX-IM TO DISCUSS THE EXTENSION OF EX-IM BANK CREDIT FACILITIES TO HUNGARY. NAGY AGREED AS TO THE IMPORTANCE OF THE VISIT. THE AMBASSADOR ALSO REMINDED NAGY OF OUR NEED FOR AN INDICATION FROM THE GOH OF POSSIBLE PURCHASES OF AGRICULTURAL COMMODITIES IF CCC CREDITS ARE TO BE EXTENDED. NAGY ASSURED THE AMBASSADOR THE MINISTRY OF AGRICULTURE AND THE HUNGARIAN NATIONAL BANK ARE PREPARING A REPLY TO OUR REQUEST.

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C O N F I D E N T I A L SECTION 2 FO 2 BUDAPEST 3672

9. CULTURAL PROGRAM DOCUMENT. THE AMBASSADOR POINTED OUT TO NAGY OUR NEED TO BEGIN PLANNING NOW FOR THE EXHIBIT WHICH USICA PLANS TO BRING TO BUDAPEST NEXT SPRING. A REVIEW OF THE STATUS OF NEGOTIATIONS OF THE PROGRAM FOLLOWED ALONG WELL KNOWN LINES.

10. CULTURAL EXCHANGES. THE AMBASSADOR REFERRED TO THE SUCCESS OF THE BERECHZ VISIT LAST SPRING AND TOLD NAGY THAT WE ARE PREPARED FOR ANOTHER SIMILAR VISIT AND SOLICITED NAGY'S SUGGESTIONS FOR CANDIDATES. NAGY REPLIED AFFIRMATIVELY AND SAID THAT HE WOULD MAKE SOME SUGGESTIONS IN THE NEAR FUTURE.

11. PROPERTY NEGOTIATIONS. THE AMBASSADOR TOLD NAGY THAT WE WERE ENCOURAGED WHEN FOREIGN MINISTER PUJA INDICATED TO GOVERNOR HARRIMAN THAT RESOLUTION OF OUTSTANDING PROPERTY ISSUES IS A PRIORITY TASK WITH THE GOH. HOWEVER, WE WERE FRUSTRATED BY THE TIME IT IS TAKING TO COME TO GRIPS WITH NEGOTIATIONS. THE AMBASSADOR REVIEWED THE DELAYS WE ARE ENCOUNTERING IN COMMISSIONING DESIGN WORK OF THE AMERICAN CONSTRUCTION PROJECTS AND VOICED HIS DISMAY OVER THE GENERAL COST ESTIMATES WE HAD
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RECEIVED FROM THE DSD FOR THEM. HE ENCOURAGED NAGY TO TAKE AN ACTIVE INTEREST IN THE NEGOTIATIONS, KEEPING IN MIND THE GOAL OF COMPLETING THEM AS SOON AS POSSIBLE. NAGY TOOK THE AMBASSADOR'S POINTS AND DID NOT ATTEMPT TO DEFEND THE PERFORMANCE OF THE DSD TO DATE

12. COMMENT: THE REVIEW OF OUTSTANDING ISSUES WITH NAGY WAS USEFUL. IT SHOWED HIM THAT WE ARE CONTINUING WITH MANY IMPORTANT ITEMS, THE RESOLUTION OF WHICH IS IN OUR MUTUAL INTEREST. BY RAISING THE VARIOUS ISSUES AT A HIGH LEVEL, WE HOPE TO ASSURE A

CONTINUING ENGAGEMENT OF THE MFA AND PUT NAGY
ON NOTICE THAT HE SHOULD BE PREPARED TO GIVE A
BUREAUCRATIC PUSH TO SUCH ITEMS AS CCC AND
PROPERTY NEGOTIATIONS WHICH FALL OUT OF THE NORMAL
PURVIEW OF THE MFA BUT IN WHICH THE MFA HAS A
DISTINCT INTEREST BECAUSE OF THEIR IMPACT
ON BILATERAL RELATIONS. NAGY TOOK CAREFUL NOTES
AND, IN GENERAL, RESPONDED FAVORABLY TO THE
AMBASSADOR'S PRESENTATION.
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TAGS: PEPR, EEWT, OREP, OVIP, EFIN, SHUM, ABLD, HU, US, (NAGY)
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